



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JAY B. RISING
STATE TREASURER

TO: Participating Schools and Lenders

FROM: Diane Todd Sprague, Director 

DATE: September 22, 2005

SUBJECT: Educational Loan Notes

**OFFICIAL COHORT DEFAULT RATES DISTRIBUTED –
MGA SEES ANOTHER REDUCTION**

The recently released Fiscal Year (FY) 2003 official cohort default rates show the Michigan Guaranty Agency's (MGA) rate dropped 35 percent during FY 2003, to 5.1 percent. The official rate is 0.5 percent lower than the draft rate released in February 2005 and is 2.3 percent lower than the FY 2002 official rate of 7.8 percent. MGA attributes its success in reducing its cohort default rate to a focus on *why* some borrowers default on student loans, as well as an aggressive plan to contact high-risk borrowers. More extensive information concerning the FY 2003 cohort rates will appear in the October issue of *Educational Loan Notes*.

The U.S. Department of Education (ED) distributed the FY 2003 official cohort default rate notification packages on the morning of Monday, September 12, 2005. For domestic schools enrolled in the Electronic Cohort Default Rate (eCDR) process, delivery was made to the Student Aid Internet Gateway (SAIG) destination point designated by the school. Each eCDR package contained (1) a cover letter (message class SHDRLROP), (2) a reader-friendly loan record detail report (message class SHCDRROP), and (3) an extract-type loan record detail report (message class SHCDREOP). Domestic schools not enrolled in eCDR will not receive notification packages from ED, but may download their cohort default rates and accompanying loan record detail reports at <https://www.nslsdsfap.ed.gov>. ED strongly encourages schools not already signed up for eCDR to complete the enrollment form available at <http://www.fsawebenroll.ed.gov>. All domestic schools were required to sign up for eCDR by June 1, 2003.

Foreign schools will continue to receive hard copy notification packages. Any school that did not have a borrower in repayment during the current or any of the past cohort default rate periods will not receive a FY 2003 official cohort default rate notification package. These schools are considered to have no cohort default rate data and no cohort default rate.

Time periods for submitting adjustments and appeals for the FY 2003 official cohort default rates under 34 CFR Part 668, Subpart M, begins on Tuesday, September 20, 2005, for domestic schools. For foreign schools the time period begins on the date that the hard copy notification package is received. Questions concerning adjustments and appeals should be directed to Dan Tryon at 800-642-5626, extension 34981, or via email at tryond@michigan.gov.



INSIDE THIS ISSUE



2005 Fall School Workshops	Page 2
College Goal Sunday 2006.....	Page 2
Mapping Your Future and Meteor	Page 3
MYF Exit Counseling Completions	Page 4
NSLDS Reporting Reminder	Page 5
"ED" Pipeline	Page 5
On the Lighter Side.....	Page 5
Lender List Updates	Page 6
Lender List Slated for October Mailing	Page 6
School List Updates	Page 6
"Q" and "A"	Page 7
Calendar of Upcoming Events	Page 8

2005 FALL SCHOOL WORKSHOPS

Mark your calendar for the 2005 Fall School Workshops. MGA will offer these workshops at no cost to your institution at the following locations:

Tuesday, November 15, 2005

**VisTaTech Center
Schoolcraft College
Livonia, Michigan**

Wednesday, November 16, 2005

**Michigan Technical Education Center
Kalamazoo Valley Community College
Kalamazoo, Michigan**

Tentative agenda topics include:

- ***Policy and regulatory update:*** This session reviews the progress of the reauthorization of the Higher Education Act of 1965. The session also previews updates to the 2006-07 Free Application for Federal Student Aid (FAFSA) and the federal student aid delivery system.
- ***FAFSA worksheets:*** Certain questions on the FAFSA instruct students and parents to complete FAFSA worksheets A, B, and C to garner information about a family's untaxed income and benefits received. The federal processor uses these amounts to further define a student's financial need. This session covers the information collected on the FAFSA worksheets and how it affects financial need.
- ***Uncommon assets affecting financial need:*** For federal financial aid purposes, assets are defined as property that is owned by the student's family and has an exchange value. In determining financial need, three types of assets are taken into account in addition to cash, savings, and checking accounts. These assets are investments, businesses, and investment farms. This session explores some of the less common types of assets.
- ***Stress management:*** Eliminating all stress from your life is impossible, so learning how to manage your stress can be one of the best ways to reduce its harmful effects. This session will help you learn ways to manage stress in your work and personal lives.
- ***FERPA:*** The Family Educational Rights and Privacy Act (FERPA) was designed to protect personally identifiable information within

students' educational records. Most of the information maintained in the financial aid office falls under FERPA regulations. This session reviews what information is covered by FERPA, whose rights are protected, how these requirements affect the financial aid office, and what procedures should be followed to ensure compliance.

The meeting sites are handicapped accessible, including parking. Individuals with disabilities who need mobility, visual, hearing, and/or other assistance for effective participation should indicate such needs when registering. All such requests should be directed to Nancy Vaughn at extension 31871 at least ten days before the workshop. Requests received after that time cannot be guaranteed.

The workshop announcement will be sent electronically in October with a complete agenda and registration form. If you have questions or suggestions to include in the workshops, please feel free to contact Nancy Vaughn at the number noted above or via email at vaughnn@michigan.gov.



COLLEGE GOAL SUNDAY 2006

Assisting students and families with completing the FAFSA is the focus of the now nationally coordinated program called College Goal Sunday. "By delivering help to families in their own communities, College Goal Sunday helps ensure that students get the help they need crossing the paper barrier to qualify for financial aid." (Source: College Goal Sunday Web site.)

In 2005 more than 1,500 Michigan students and parents visited one of the 20 sites located throughout the state on College Goal Sunday to gain assistance with completing the FAFSA. More than 150 volunteers from Michigan college and university student financial aid offices provided expert financial aid assistance.

(Continued on the next page.)

The first College Goal Sunday program took place in Indiana in 1989, and the number of College Goal Sunday sites has been increasing since that time. Nationwide, there are currently 19 states and the District of Columbia with established College Goal Sunday programs, and seven more states will begin programs in 2006.

Mark your Calendars!

College Goal Sunday 2006 is scheduled for February 12, 2006, from 2:00 to 4:00 p.m. Michigan will have 22 host sites, with MGA coordinating the site in Lansing. Following is the list of Michigan host sites for College Goal Sunday 2006:

Bay de Noc Community College – Escanaba
 Central Michigan University – Mt. Pleasant
 Davenport University – Holland
 Delta College – Saginaw/Bay City/Midland
 Eastern Michigan University – Ypsilanti
 Grand Valley State University – Pew Campus – Grand Rapids
 Jackson High School – Jackson
 Kalamazoo Valley Community College – Kalamazoo
 Kellogg Community College – Battle Creek
 Lake Michigan College – Napier Campus – Benton Harbor
 Lake Superior State University – Sault Ste. Marie
 Lansing Community College – West Campus – Lansing
 Lawrence Technological University – Southfield
 Macomb County Community College – Warren
 Muskegon High School – Muskegon
 Northern Michigan University – Marquette
 Northwestern Michigan College – Traverse City
 Oakland Community College – Auburn Hills/Pontiac
 St. Clair County Community College – Port Huron
 University of Michigan – Dearborn
 University of Michigan – Flint
 Wayne State University – Detroit

To find out how to link from your school's Web site to detailed information regarding Michigan's College Goal Sunday activities go to: www.MICollegeGoal.org. For information on the national coordination efforts of College Goal Sunday go to www.collegegoalsundayusa.org.

Watch for future announcements, and please promote College Goal Sunday!

MAPPING YOUR FUTURE AND METEOR

School users logging into Mapping Your Future's (MYF) Online Student Loan Counseling (OSLC) Financial Aid Office (FAO) Access Area can now view borrower data from the Meteor Network. This new feature makes the MYF OSLC the latest Web site to implement the Meteor access provider software. The MYF implementation will authenticate school users to enable them to access data in Meteor without establishing a separate login.

To view borrower data via Meteor, schools should login to their secure FAO Access Area. They will see the Meteor logo under the link within a box labeled Meteor Access. Follow the link, which will open Meteor in a separate browser window. The MYF session will stay active until the user logs out or closes the browser window, or until it self-expires after 30 minutes. Once the user has accessed borrower records in Meteor, he or she can click "Logout" to end the session and close the browser window.

Data providers currently participating in Meteor provide over 70 percent of Federal Family Education Loan Program (FFELP) guarantee volume, and that number is growing. Borrowers whose lender, servicer, or guarantor is a data provider will have records available for your review. A list of Meteor data providers is located at www.nchelp.org/pages/page.cfm?id=50. More data will be available as additional organizations sign up as data providers.

School access is the first collaborative effort between MYF and Meteor. MYF volunteers and Meteor advisory and technical team members are working on other projects, including displaying Meteor data for borrowers during their exit counseling sessions on MYF. The joint team is developing a proof of concept for this project and then will look to do a pilot with one or more schools.

Mapping Your Future is a national collaborative, public service project of the financial aid industry, bringing together the expertise of the industry to provide free college, career, financial aid, and financial literacy services for students, families, and schools. Meteor provides financial aid professionals with the ability to access timely, student-specific financial aid information from

(Continued on the next page.)

multiple sources. It is a shared effort of leading FFELP business partners who have chosen to sponsor the project. MGA was one of the founding sponsors of Meteor, and is also an access and data provider. Currently, Meteor provides information on FFELP loans and alternative loans. Over time, it is the sponsors' vision that it will include information on Federal Direct Student Loan Program, Perkins loans, Pell Grants, and state grants.

If you have questions about accessing Meteor data from MYF, contact CariAnne Behr at feedback@mapping-your-future.org or by telephone at 573-634-8641. For questions about Meteor participation, contact Tim Cameron at meteor@nchelp.org or at by telephone at 954-565-7229.

MYF EXIT COUNSELING COMPLETIONS

Schools using Mapping Your Future's Online Student Loan Counseling can easily monitor the students who have successfully completed exit counseling sessions by logging into the school's FAO Access Area:

1. Use the Daily Records box in the upper right-hand corner of the home page to retrieve records one day at a time. To view previous dates, click and hold on the right arrow, select the date, and then click the "Change" button.
2. Use the "Search" tab to search for a record by confirmation number, Social Security Number, or last name.
3. Use the "Reports" tab to view or print counseling records for a date range.
4. Use the "Export" tab to download counseling in an electronic format.

Schools also should monitor to ensure guaranty agencies are retrieving the school's exit counseling records through the ExitExpress process. Through ExitExpress, participating guaranty agencies are able to provide a service to their schools using MYF's Stafford exit counseling by retrieving that exit data on behalf of the school.

Schools are responsible for ensuring the guaranty agency has retrieved the counseling data within 60 days of the counseling session. If the guarantor has not retrieved the data within the 60-day

period, schools should send the data to them. The Guarantor Exception Report located under the "Reports" tab in the FAO Access Area is the most efficient way to review the exit records that guaranty agencies have not retrieved. **MGA retrieves exit counseling notifications weekly and submits a rejection report regarding notifications that have been sent to us incorrectly.** (The Guarantor Rejection Report contains a list of exit confirmations that a guarantor has rejected, indicating they have not guaranteed a loan for the borrower. This report may be viewed on the "Reports" tab.) Students selecting incorrect guarantors have been eliminated with the cross-check that is provided by the National Student Clearinghouse.

The Guarantor Exception Report contains a list of exit confirmations that a guarantor has not retrieved as well as records that were rejected. Rejected records will appear in the "No Guarantor Found for this SSN or Date of Birth," or "No Response from the Clearinghouse" section of the Guarantor Exception Report. MYF staff recommends that schools review the Guarantor Exception report every three to four weeks for records not retrieved and create a date range that goes back several months. If students have recent student confirmations on this list, they may want to wait

to handle any exceptions until close to the end of the 60-day period since a guarantor should retrieve those reports at some point within the 60 days. The records of concern should be the records that are close to 60 days old.

If schools notice that the wrong guarantor is assigned or if no guarantor is assigned, they can add the correct guarantor to the record:

1. Select the individual confirmation.
2. Click on the "Status" link next to "Guarantor."
3. Another window will pop up.
4. Click the "Add Guarantor" button.
5. Select the correct guarantor.
6. Click the "Save" button.
7. Click the "Close Window" button.

If you have any technical questions or need any assistance, contact Beth Ziehmer at feedback@mapping-your-future.org or (573) 796-3730. For general questions please contact Flora Boles at extension 52882, or via email at bolesf@michigan.gov.

NSLDS REPORTING REMINDER

Federal law requires lenders and lender servicers to report to their guarantors all status changes throughout the life of a loan. MGA encourages its lenders to report status changes on a monthly basis. It is crucial that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to the National Student Loan Data System (NSLDS) is accurate.

Status changes to report include, but are not limited to:

- Cancellation of all or a portion of the loan.
- Loan sales or transfers.
- Disbursement date changes.
- Date loans enter repayment.
- Loans that have been paid-in-full or consolidated.

Forms currently used by lenders to report changes are:

- Loan Maintenance form (#1520).
- Loan Change form (#1540).
- Disbursement Change form (#1539).
- Borrower/Student Personal Information form (#1521).
- Sub/Unsub Reallocation form (#1522).

If you need to order forms please visit our Web site at michigan.gov/mistudentaid; click on "Resources" and then "Ordering Supplies." If you require assistance with reporting to the NSLDS or have other questions or concerns regarding NSLDS reporting, please contact Betty Calloway at extension 39639 or via email at callowayb@michigan.gov.

THE "ED" PIPELINE

Following is a list of some of the most recent ED correspondence for schools and lenders.

Dear Partner
September 2005
GEN-05-10

2006-2007 FAFSA on the Web Worksheet and Paper FAFSA Distribution Plan.

Dear Partner
September 2005
GEN-05-11

Availability of the Child Care Provider Loan Forgiveness Application for Renewal Benefits and the Child Care Provider Loan Forgiveness Forbearance Form.

On the Lighter Side**Top Ten Reasons to Stay in Financial Aid**

10. I love enforcing regulations that have no identifiable purpose.
9. I was over-qualified for Admissions.
8. The look on their little faces when I say, "Your money's not here!"
7. Friends and family understand exactly what I do for a living.
6. I like to answer every question asked by students with the words, "It depends."
5. Computerizing my office has made my job so much easier because things run so smoothly.
4. No salary cap like in the NBA and NFL.
3. Great conferences!
2. If quick, can usually send SAP suspension letters to obnoxious students right before Christmas.

And the number one reason to stay in Financial Aid: Two words . . . program reviews!

Originally presented at update workshop, source unknown.

LENDER LIST UPDATES

School personnel continuing to use their paper copy of MGA's "Participating Lender List" should record the following actions on the list dated April 28, 2005. Please make the appropriate changes in all sections of the list as needed.

To access the most up-to-date lender information and eliminate the need for manual updates, use the electronic version of MGA's "Participating Lender List" available at michigan.gov/mistudentaid. Click on "Financial Aid Administrators," and then on "[Participating Lender List](#)." If you have any questions regarding MGA's "Participating Lender List," please contact Pat Fromm at extension 36076 or via email at frommp@michigan.gov.

Name Changes

JPMorgan Chase Bank, N.A. c/o Education First, 807807 has changed its name to Chase – JPMorgan Chase Bank, N.A.

Standard Federal Bank, N.A., 624289, has changed its name to LaSalle Bank Midwest, N.A.

Standard Federal Bank, N.A., 824289, has changed its name to LaSalle Bank Midwest, N.A.

Standard Federal Bank, N.A., 830525, has changed its name to LaSalle Bank Midwest, N.A.

Newly Participating Lender

Student Loan Xpress, Fifth Third Bank as ELT, 833860, c/o Citibank Student Loan Corp., 99 Garnsey Road, Pittsford, NY 14534-4532. Telephone: 800-967-2400.

No Longer Participating

The following lenders no longer participate in FFELP with MGA. Please delete their lender codes from all sections of the Participating Lender List.

Flint Area School Employees Credit Union, 829817

Research Federal Credit Union, 832445

Soo Co-op Credit Union, 813166

**UPDATED LENDER LIST
SLATED FOR OCTOBER MAILING**

MGA's updated Participating Lender List will be mailed late next month. This document is updated and mailed to schools twice a year – in April and again in October.

Many of you have made use of MGA's new electronic lender list available on our Web site at Michigan.gov/mistudentaid. This list is updated monthly and eliminates the need to make written updates to your printed copy.

If you are making use of the online version and are no longer interested in receiving a paper copy of our Participating Lender List, please contact Stacy Cardwell at extension 36074 or via email at cardwells@michigan.gov.

SCHOOL LIST UPDATES

The following changes should be recorded by lenders on MGA's "Active Michigan School List" dated July 6, 2005. If you have any questions regarding these changes, please contact Stacy Cardwell at extension 36074 or via email at cardwells@michigan.gov.

New Title IV Eligibility

Ann Arbor Institute of Massage Therapy, Ann Arbor, 039765-00

180 Jackson Plaza, Suite 100, Ann Arbor, MI 48103. The contact person is Melanie Gibbs, School Administrator. Melanie's telephone number is 734-677-4430, and her fax number is 734-677-4520. Her email address is mgibbs@aaimt.edu.

Email Address Change

Jackson Community College, Jackson, 002274-00
Sandy McDaniels' new email address is mcdaniesandrak@jccmi.edu.

“Q” AND “A”**HURRICANE KATRINA AND OTHER DISASTERS****What is happening to student borrowers attending schools in the Katrina disaster areas?**

Per federal regulations, each Federal Stafford loan that is in an “in-school” status on the date the borrower’s attendance at the institution was interrupted due to a federally declared disaster is considered to be in an “in-school” status. Those loans should continue in that status until such time as the borrower withdraws or re-enrolls in the next regular enrollment period, whichever is earlier.

What is being done for Michigan residents that are receiving student loans?

MGA has run reports to determine how many MGA borrowers have been affected by Hurricane Katrina. MGA has guaranteed no new loans for borrowers attending schools in the Katrina disaster area. However, there are borrowers with MGA guarantees from previous loans that have been affected that are currently in repayment.

How will the Katrina disaster affect borrowers who are in repayment or default?

Borrowers residing in the federally designated disaster areas are allowed an administrative forbearance for up to three months on any loans that are in repayment or in default. Additionally, proposed legislation in the U.S. House of Representatives would allow affected borrowers a six-month deferment during which time they would not be required to make payments on their student loans.

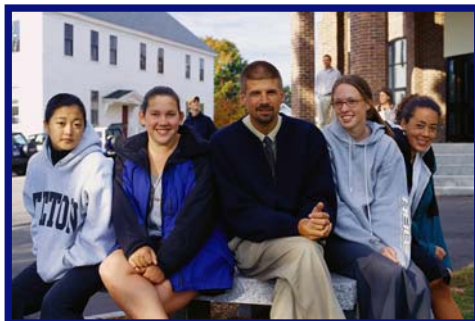
How do I know which areas are in the federally designated areas?

The Federal Emergency Management Agency (FEMA) keeps an up-to-date list of all affected counties of federally designated disaster areas on their Web site at <http://www.fema.gov/news/disasters.fema>.

What about students who have come from affected areas to Michigan schools?

On September 2, 2005, Assistant Secretary for Postsecondary Education Sally L. Stroup provided guidance on the federal student aid programs relating to Hurricane Katrina. The guidance details information on transfer students, as well as deadline extensions and other guidance. You may find the information online at <http://www.nasfaa.org/publications/2005/EAKatrina090205.html>.

Have a question you would like to ask? Contact Justin Draeger at extension 31940 or via email at draegerj@michigan.gov to submit your question or to suggest a topic you would like to see discussed in a subsequent issue of *Educational Loan Notes*.

Back**to****School**

Calendar of Upcoming Events

October 2005

- | | |
|-----------|---|
| 13 | Mapping Your Future Evening Chat
Default prevention chat night sponsored
by Georgia Student Finance Commission.
6:00 – 9:00 p.m. Eastern |
| 16-19 | MASFAA Conference
Charleston, West Virginia |
| 30-Nov. 2 | Electronic Access Conference
San Diego, California |

November 2005

- | | |
|-----------|--|
| 11 | MGA Offices Closed |
| 15 | MGA Fall School Workshop
VisTaTech Center
Schoolcraft College
Livonia, Michigan |
| 15 | Mapping Your Future Evening Chat
Managing your student loans, including
repayment options, consolidation, and
cancellation.
7:00 – 8:00 p.m. Eastern |
| 16 | MGA Fall School Workshop
Michigan Technical Education Center
Kalamazoo Valley Community College
Kalamazoo, Michigan |
| 18 | MSFAA High School Counselor Workshop |
| 24-25 | MGA Offices Closed |
| 29-Dec. 2 | Electronic Access Conference
Atlanta, Georgia |

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944, or via email at petersonj@michigan.gov.